

Addressee

Sam Wither
Account Manager

sam.wither@uk.ngrid.com
Direct tel 01926 656492
Direct fax 01926 656613

www.nationalgrid.com

27th September 2007

Dear Service Provider

SOUTH EAST OPERATING MARGIN – TENDER ROUND

INVITATION TO TENDER

Please be advised that the Invitation to Tender for National Grid Gas's South East Operating Margin Requirement Tender Round is now available on National Grid's website.

<http://www.nationalgrid.com/uk/Gas/Data/News/>

Tenders are invited for service provision for one or more years within the period – 01st January 2009 – 01st January 2011.

The ITT documents that have been published today are as follows:

1. Tender Sheets
2. Explanation and Tender Guidance
3. OM Services Agreement

Documents available upon request are as follows:

1. South East Operating Margin Service Presentation

The key dates for this Tender Round are as follows:

- Tender publication 27 September 2007
- Market Day 17:00 hours on 16 November 2007
- Tender Opening Monday 19 November 2007
- Tenderers notified of results Friday 07 December 2007
- Earliest Service commencement 06:00 hours on 01st January 2009

Market Day is the latest that tenders can be accepted by National Grid - all tenders must be received by post (or be delivered by hand) no later than 17:00 hours on Friday 16th November 2007 to the address below. Envelopes should be clearly marked “SEOM – TR”.

Sam Wither
 Network Operations
 National Grid plc
 National Grid House
 Warwick Technology Park
 Gallows Hill
 Warwick
 CV34 6DA

Should tenderers wish to deliver their tender by hand then this intention must be notified to National Grid in advance (see above for my contact details).

South East Operating Margin Requirement

National Grids aggregate Maximum Service Quantity is 94 GWh from one or more service providers.

The South East Operating Margin service requirement is defined by the geographic area set out in figure 1. A more detailed map is available in both the SEOM Explanation and Tender Guidance document and the South East Operating Margin Service Presentation as referenced in this letter.

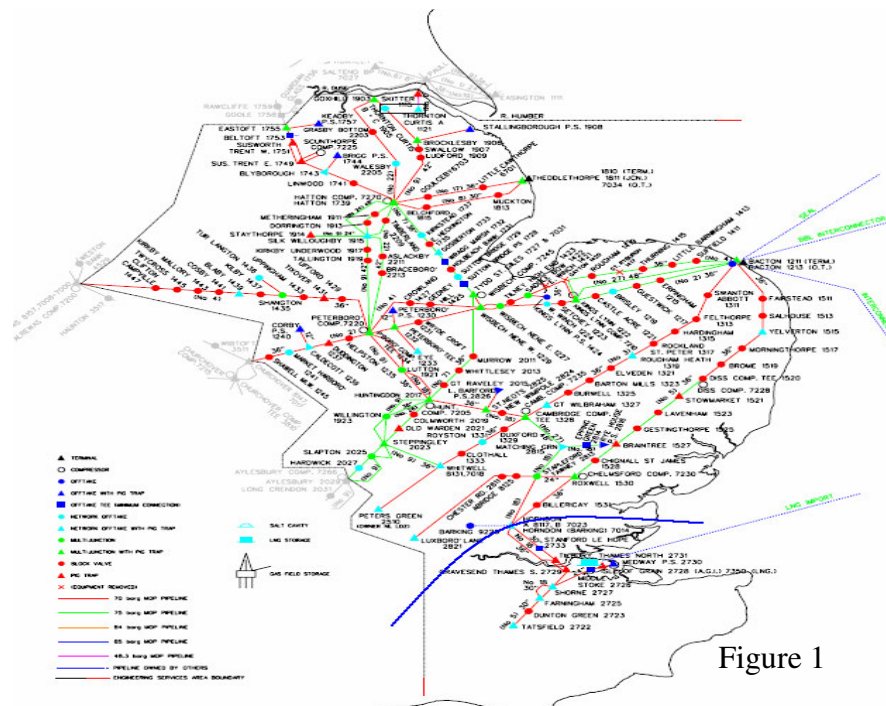


Figure 1

Alternative Proposals to OM Services Agreement

National Grid would be delighted to hear from any interested parties that want to tender for the South East Operating Margin Service and find that the OM Services Agreement is unsuitable for the facility from which they wish to offer the Operating Margin Service from, please contact me in the first instance to discuss alternative proposals.

For further information and a more detailed explanation of the tender process please refer to the SEOM Service Description and the SEOM Tender Guidance within the ITT documentation.

Alternatively please contact either myself or Harjinder Kandola on 01926 654056 should you have any queries.

Yours sincerely,

Sam Wither
Account Manager
Network Operations
National Grid